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2mLobsStevens
90 Montana State
Lottery

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MONTANA STATE LOTTERY

REPORT ON BIG SPIN AND BIG WIN CONTESTANT
DRAWINGS AND EVENTS

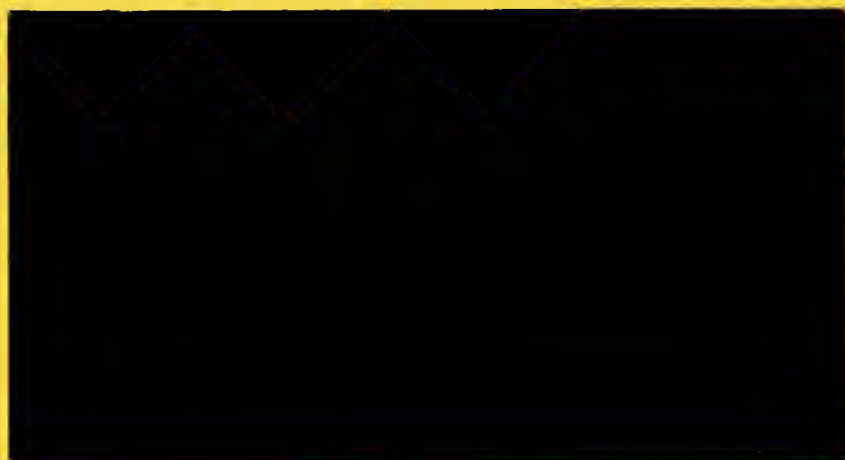
June 30, 1990

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OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MONTANA
STATE CAPITOL • HELENA



MONTANA STATE LOTTERY
REPORT ON BIG SPIN AND BIG WIN CONTESTANT
DRAWINGS AND EVENTS

June 30, 1990

JUNKERMIER, CLARK, CAMPANELLA, STEVENS P.C.
Certified Public Accountants

MONTANA STATE LOTTERY
Table of Contents

	<u>PAGE</u>
Transmittal letter from the Office of the Legislative Auditor	1
Listing of the commission members and administrative officials	2
Introduction	3
Background	3
Reported observations	3
Statistical test results	3
Weekly report recap	4
Accountants' report	5-6
Statement of Big Spin winnings	7
Statement of Big Win winnings	8

STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122



LEGISLATIVE AUDITOR:
SCOTT A. SEACAT

LEGAL COUNSEL:
JOHN W. NORTHEY

October 1990

DEPUTY LEGISLATIVE AUDITORS:

MARY BRYSON
Operations and EDP Audit

JAMES GILLET
Financial-Compliance Audit

JIM PELLEGRINI
Performance Audit

The Legislative Audit Committee
of the Montana State Legislature:

Enclosed is the report on the audit of the Montana State Lottery
Observations for the year ended June 30, 1990.

The audit was conducted by Junkermier, Clark, Campanella, Stevens
P.C. under a contract between the firm and our office. The comments
contained in this report represent the views of the firm and not
necessarily the Legislative Auditor.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott A. Seacat", with a long, sweeping horizontal line extending to the right.

Scott A. Seacat
Legislative Auditor

MONTANA STATE LOTTERY
Commission Members and Administrative Officials
June 30, 1990

Commission members

Pat DeVries, Chairwoman

Rebecca Erickson

William Ware

Gary Rebal

Ward Shanahan

Residence

Polson

Glasgow

Helena

Great Falls

Helena

Administrative Officials

Zoann Attwood, Director

L. John Onstad, Security

Gerald J. LaChere, Operations

Janet Drexel, Marketing

MONTANA STATE LOTTERY

INTRODUCTION

We performed agreed-upon procedures on the Montana State Lottery for the year ended June 30, 1990.

The agreed-upon procedures consist of (1) witnessing and reporting on all Big Spin and Big Win contestant drawings; (2) witnessing and reporting on all Big Spin and Big Win events; (3) examining all lottery drawing and spinning equipment prior to and after each related drawing or event; and (4) testing compliance with applicable statutes and regulations.

BACKGROUND

The Montana State Lottery was created in November 1986 by a referendum vote of the people of Montana. The "Montana State Lottery Act of 1985" rules are outlined by Chapter 669 of the Montana Session Laws. The general purpose is to allow lottery games in which the players purchase from the state, through the administration of the state lottery, a chance to win a prize.

REPORTABLE OBSERVATIONS

In addition to the accountants' opinion, we are to report on serious inadequacies in operating controls and procedures, activities not authorized by the Legislature, and our recommendations to the State and the Lottery. We have nothing to report in those areas. The following observations are disclosures and not recommendations.

Statistical Test Results:

Data is collected during the year on observed resting spots of the ball in the various spins of the Big Spin Wheel. These resting spots are accumulated in four equal quadrants. The observed frequencies are compared with expected distribution. The test of such comparisons is accomplished with a test called the "Chi-square test of goodness of fit". This test measures the uniformity of where the ball comes to rest. A summary of the results by quadrant are as follows:

	QUADRANTS					Chi Square
	<u>TOTAL</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	
Big Spin	78	14	23	19	22	2.63
Pre/post tests	342	93	80	68	74	4.84
Totals	390	107	103	87	93	2.54

With three degrees of freedom and 95% confidence level, a value greater than 7.82 could be a cause for concern. The results indicate a good fit.

Weekly Report Recap:

We have furnished the Office of the Legislative Auditor with a letter that the contestant drawings and Big Spin and Big Win events were performed and observed by us. In addition, the letter would include any unusual occurrences or deviations from the established rules and procedures.



Junkermier • Clark
Campanella • Stevens • P.C.

Certified Public Accountants

Ward F. Junkermier, CPA
George L. Campanella, CPA
Stone E. Paulson, Jr., CPA
Rick A. Frost, CPA
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Joseph F. Shevlin, CPA

Ronald A. Taylor, CPA
Kent A. Borglum, CPA
Terry L. Alborn, CPA
William J. Eidel, CPA
Walter J. Kero, CPA

Commissioners
Montana State Lottery
Helena, Montana

We have applied the procedures enumerated below to the accompanying statements of Big Spin and Big Win winnings for the year ended June 30, 1990. These procedures, which were agreed to by a legislative auditor's contract were performed solely to assist you in evaluating the procedures used in Big Spin and Big Win contestant drawings and events. This report is intended solely for your information and should not be used by those who did not participate in determining the procedures.

The agreed-upon procedures were designed to review the applicable rules as developed by the Montana State Lottery to determine that such rules are adequate to insure:

- all drawings and spins are conducted in accordance with applicable rules and regulations.
- all drawings include eligible participants.
- all drawings and spins are conducted in a secure, honest and fair manner.
- all slots on the Big Spin Wheel have an equal chance to be the winning slot.
- all special promotional drawings are conducted in accordance with applicable rules and regulations.

The agreed-upon procedures consist of:

- witnessing and reporting on all Big Spin and Big Win contestant drawings.
- witnessing and reporting on all Big Spin and Big Win events.
- examining all lottery drawing and spinning equipment prior to and after each related drawing or event.
- testing compliance with applicable rules, statutes, and regulations.
- witnessing and reporting on all special promotional drawings.

These agreed-upon procedures are substantially less in scope than an audit, the objective of which is the expression of an opinion on the statements of Big Spin and Big Win winnings. Accordingly, we do not express such an opinion.

Based on the application of the agreed-upon procedures referred to above, nothing came to our attention that caused us to believe that the accompanying statements of Big Spin and Big Win winnings are not presented in conformity with above agreed-upon procedures. Had we performed additional procedures or had we made an audit of the statements of Big Spin and Big Win winnings, other matters might have come to our attention that would have been reported to you.

Junkin, Clark, Campanella, Stevens, PC

Helena, Montana
June 30, 1990

MONTANA STATE LOTTERY
STATEMENT OF BIG SPIN WINNINGS
Year ended June 30, 1990

<u>DATE</u>	<u>EVENT</u>	<u>CONTESTANTS</u>	<u>WINNINGS</u>
July 6, 1989	104	3	\$ 12,000
July 13, 1989	105	3	114,000
July 20, 1989	106	3	18,000
July 27, 1989	107	3	59,000
August 3, 1989	108	3	19,000
August 10, 1989	109	3	13,000
August 17, 1989	110	3	19,000
August 24, 1989	111	3	34,000
August 31, 1989	112	3	13,000
September 7, 1989	113	3	14,000
September 14, 1989	114	3	24,000
September 21, 1989	115	3	34,000
September 28, 1989	116	3	19,000
October 5, 1989	117	3	18,000
October 12, 1989	118	3	130,000
October 19, 1989	119	3	31,000
October 26, 1989	120	3	33,000
November 2, 1989	121	3	33,000
November 8, 1989	122	3	15,000
November 16, 1989	123	3	20,000
November 22, 1989	124	3	15,000
November 30, 1989	125	3	12,000
December 7, 1989	126	3	12,000
December 14, 1989	127	3	18,000
December 21, 1989	128	3	12,000
December 28, 1989	129	3	59,000
			<u>\$ 800,000</u>

MONTANA LOTTERY
STATEMENT OF BIG WIN WINNINGS
Year ended June 30, 1990

<u>DATE</u>	<u>EVENT</u>	<u>CONTESTANTS</u>	<u>WINNINGS</u>
January 3, 1990	1	40	\$ 4,000
January 10, 1990	2	40	4,000
January 17, 1990	3	40	4,000
January 24, 1990	4	40	4,000
January 32, 1990	5	40	4,000
February 7, 1990	6	40	4,000
February 14, 1990	7	40	4,000
February 21, 1990	8	40	4,000
February 28, 1990	9	40	4,000
March 7, 1990	10	40	4,000
March 14, 1990	11	40	4,000
March 21, 1990	12	40	4,000
March 27, 1990	13	40	4,000
April 3, 1990	14	40	4,000
April 4, 1990	BIG WIN 1	40	206,300
April 11, 1990	15	40	4,000
April 18, 1990	16	40	4,000
April 25, 1990	17	40	4,000
May 2, 1990	18	40	4,000
May 9, 1990	19	40	4,000
May 16, 1990	20	40	4,000
May 23, 1990	21	40	4,000
May 30, 1990	22	40	4,000
June 6, 1990	23	40	4,000
June 13, 1990	24	40	4,000
June 12, 1990	25	40	4,000
June 27, 1990	26	40	4,000
			<u>\$ 310,300</u>

